



STATE OF NEVADA

Department of Conservation & Natural Resources

DIVISION OF ENVIRONMENTAL PROTECTION

Kenny C. Guinn, Governor

Allen Biaggi, Director

Leo M. Drozdoff, P.E., Administrator

January 4, 2006

Public Notice -- NOTICE OF DECISION

WATER POLLUTION CONTROL PERMIT NUMBER NEV0090145 Renewal

Baker Hughes Drilling Fluids Argenta Mine and Mill

The Nevada Division of Environmental Protection has decided to approve re-issuance of Water Pollution Control Permit NEV0090145, to Baker Hughes Drilling Fluids for the Argenta Mine and Mill. This permit authorizes the construction, operation, and closure of the approved facilities in Lander County. The Division has been provided with sufficient information, in accordance with Nevada Administrative Code (NAC) 445A.350 through NAC 445A.447, to assure the Division that the groundwater quality will not be degraded by this operation, and that public safety and health will be protected.

This renewal permit will become effective January 19, 2006. The final determination of the Administrator may be appealed to the State Environmental Commission pursuant to Nevada Revised Statute (NRS) 445A.605 and NAC 445A.407. All requests for appeals must be filed by 5:00 PM, January 14, 2006, on Form 3, with the State Environmental Commission, 901 S. Stewart Street, Room 4001, Carson City, Nevada 89701-5249. For more information, contact Rob Kuczynski directly at (775) 687-9441, toll free in Nevada at (800) 992-0900, extension 4670, or visit the Division website at: <http://ndep.nv.gov/bmrr/bmrr01.htm>.

Two comment letters were received during the public comment period. The first letter, dated November 23, 2005, was received from Robert D. Williams, Field Supervisor, U.S. Fish and Wildlife Service (FWS). The second letter, dated December 5, 2005, was received from Steve Foree, Supervising Habitat Biologist, Nevada Department of Wildlife (NDOW). Division responses to the received comments are attached to this Notice of Decision.

U.S. Fish and Wildlife Service Comments

Comment: "A pit lake 30 to 40 feet deep has formed in the F-Pit...Migratory birds may use the pit lake and could be exposed...we would appreciate receipt of a copy of the pit lake study and provide comments on its content before it is finalized."

NDEP RESPONSE: On October 31, 2005, JBR consulting (Elko, NV) submitted to NDEP a detailed work plan and proposed time line for a comprehensive study of the F-Pit Lake. The study will consist of three phases: Phase 1—Data Collection; Phase 2—Modeling and Ecological Risk

Assessment; and Phase 3—Preparation of Management Plan. Preliminary modeling will be performed during third and fourth quarters of 2006 with all modeling completed during the first quarter 2007. The ecological risk assessment will be completed by fourth quarter 2006 and final management plans will be submitted by the end of second quarter 2007.

NDEP has forwarded the FWS request to JBR Consulting and Baker Hughes Drilling Fluids for a copy of the draft pit lake study once it becomes available.

Nevada Division of Wildlife Comments

Comment: "We are concerned with the potential of the pit lake [F Pit Lake] and its potential to impact wildlife at this property. Our agency would be interested in obtaining additional information on the fluids that are accessible to wildlife at this property."

NDEP RESPONSE: Schedule of Compliance item I.B.4 requires Baker Hughes to submit within ninety (90) days after the effective date of the permit renewal submit to NDEP a finalized work plan and schedule for the development of a Pit Lake Study for the F-Pit pit lake.

NDEP has forwarded the NDOW request to JBR Consulting and Baker Hughes Drilling Fluids for a copy of the draft pit lake study once it becomes available.

Comment: "Our second concern is with the leaking tailings facility...Some of the rock and process fluids have exceedences of water quality standards...that can be problematic for wildlife."

NDEP RESPONSE: Schedule of Compliance item I.B.5 requires that within one hundred eighty (180) days after the effective date of the permit renewal, Baker Hughes is to obtain the services of an engineering/consulting firm experienced in the design of impoundment structures for the purpose of evaluating the tailings impoundment structure integrity, determining the extent and source (or sources) of any seepage and recommended courses of action (i.e. repair or closure). Baker Hughes and their engineering/consulting firm will develop a work plan and timetable for the implementation of any repair measures and/or closure plans and submit to NDEP for approval. Following our written approval, Baker Hughes will have ninety (90) days, to submit design documents and monitoring plans to the Division with the appropriate modification fee and all information required in accordance with NAC 445A.391 through NAC 445A.399 and NAC 445A.440 through NAC 445A.442.

Baker Hughes has since informed NDEP that JBR Consulting will be conducting their preliminary evaluation of the Argenta Tailings Impoundment, beginning the first quarter 2006.

With respect to the fluids present in the tailings impoundment and seepage, several exceedences of the water quality standards for aluminum, iron and manganese have been documented over the past 10 years. However, during this time period, pH has consistently remained above 7.0 s.u.

Comment: "We are also concerned with the potential for acid rock drainage from several of the mine components at this property."

NDEP RESPONSE: Meteoric Water Mobility Procedure (MWMP) and Acid Neutralization Potential/Acid Generation Potential (ANP/AGP) results imply that the barite mill feed and process tailings are potentially acid generating. However, because of the stable, non-reactive nature of

barite ores, these results are misleading. Furthermore, MWMP extract solution pH is typically between 7.0 and 7.5 s.u., implying that the material is non-acid generating.

A more accurate indicator of acid generating potential would be an evaluation of sample reactivity over the long-term, e.g. humidity cell tests. Schedule of Compliance item I.B.1 requires that within thirty (30) days after the effective date of this permit renewal, Baker Hughes will initiate long-term (10-week) humidity cell tests on representative samples of Crude Barite Feed Stock, Fine Tails, Chert Tails, Chert-Argillaceous Overburden and any other barite feed stock or waste materials processed or generated to accurately determine acid generation potential and provide the results to NDEP within thirty (30) days following completion of the tests. Should the humidity test results indicate acid generation potential or the potential to degrade waters of the state, NDEP will require the construction of an engineered impoundment, containment, and/or diversion structures to prohibit the degradation of any waters of the state.

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